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SUBJECT: Jordan and Turkey Sign Free Trade Agreement

REF: 07 Amman 4678

¶1. (U) Jordan and Turkey signed a Free Trade Agreement on December 1 during a visit of Turkish President Abdullah Gul to Amman. The agreement is set to establish a free trade zone, cut duties on imports, scrap visa requirements, and increase customs cooperation to help boost two-way trade, tourism and investment between the two countries. Jordan-Turkey FTA talks have been on-going since 2002. The FTA will establish a free trade zone by 2011 and would fully eliminate customs fees by 2021.

¶2. (U) From January to August 2009, the value of Jordan's imports from Turkey reached \$261.9 million with exports to Turkey reaching \$21.4 million. In 2008, Jordan's imports from Turkey were valued at \$456.8 million while exports stood at \$28.3 million. Turkish investments in Jordan are estimated to total \$90 million.

¶3. (U) Jordan has signed bi-lateral free trade agreements with multiple Arab states, the U.S., Canada, and Singapore. Jordan has multilateral free trade agreements with the European Free Trade Association, is a member of the Greater Arab Free Trade Area and is a signatory of the Agadir Agreement linking Jordan with Egypt, Morocco and Tunisia. Jordan and Turkey are both parties to Euro-Mediterranean trade agreements, which would eventually enable Jordan to use Turkish raw materials to export to the EU market.

¶4. (SBU) Comment: The Jordan-Turkey FTA is another important example of Jordan's trade strategy that aims to diversify its trading partners and seeks greater regional trade links, including with Iraq, Saudi Arabia and Syria. The text of the FTA is not yet available, pending cabinet approval. It therefore remains unclear what the full impact of this new FTA will be on Jordan's sensitive agricultural, food processing, and textile sectors that will almost certainly be heavily impacted by the competition from Turkey's equivalent sectors, and whether the agreement includes interim protection measures for these sectors in Jordan. End comment.

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